



DATE:

3/6/98

TO:

PAM GOLDSTEIN

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(including cover page)

COMMENTS:

Attached please find some background info on Amity Village, as well as a map of the neighborhood where the demolition will take place. The exact unit is number 36 on S. 20th Street. Number 37 is a vacant lot.

Hydraulic Excavator - whack

at bldg

20th betw 18th Ave & 19th

682 - S. 20th St

Bruce Rudolph
(609) 278-1515

I. Executive Summary

Amity Village I and II are two scattered site projects located in Newark, New Jersey that are currently owned by the New Jersey Housing and Mortgage Finance Agency ("Agency"). Amity I consists of a total of 87 units in 24 frame structures. Amity II consists of a total of 194 units in 36 buildings.

Amity Village I and II are located in Newark's Central Ward, which is one of New Jersey's poorest urban areas. The average median income in the 9 census tracts where the project is located is \$17,251, and an average of almost 40% of the residents live below the poverty line. In these census tracts 48.5% of the residents do not have a high school diploma, 31% have obtained a high school diploma equivalent, 12% have completed some college courses, and only 4.3% have obtained a college degree. Almost 50% of those residents who are employed work in white collar jobs, and 28.6% in blue collar jobs. The housing stock in this area is 82.7% rental, and 16.7% home ownership.

Amity Village I and II were originally financed by the Agency in 1968 and 1970, respectively, under HUD's Section 236 Program which provided a reduction in the interest rate on the mortgages. In addition, both projects receive rent supplement payments under the Rental Assistance Program (RAP). In spite of these subsidies, the projects were unable to financially sustain themselves from the time of construction completion. Starting in 1980, Amity I was unable to make debt service payments, and starting in 1981 Amity II was unable to make debt service payments. As a result, the Amity I and Amity II properties were transferred from the owners to the Agency in 1982 as a result of a deed in lieu of foreclosure.

Since 1982 the Agency has invested over \$7.8 million in the Amities to meet various project needs that the projects' operating budgets could not meet. Expenditures have included debt service payments, life and safety repairs, environmental hazard testing, and real estate taxes. In spite of the significant Agency investment, the Amities remains the most troubled project in the Agency portfolio and does not meet the Agency's standard of providing safe, decent and, affordable housing to its residents.

Following notification by HUD that the payments of Section 236 subsidy and RAP subsidies for Amity Village I and Amity Village II must be received by an eligible mortgagor pursuant to HUD Regulations, the Agency's Executive Director, Timothy J. Touhey, took action to transfer the properties into a subsidiary corporation of the Agency (the STAR Corporation), and obtained model "Rollover Agreements", used to set the terms of the transfer of the properties to a new owner, for review by the Attorney General's Office. The Agency is prepared to execute the Rollover Agreements, and advised Diane Johnson at HUD's Newark Office of this in a letter dated February 21, 1997 from Sarah Darrow, DAG. Pursuant to HUD regulations, and, as described in the Rollover Agreements, the Agency is further prepared to sell the restructured Amity I and Amity II projects to one or two qualified third parties within the next 12 months. Agency staff has developed a restructuring scheme, which is described in this proposal, and has drafted a Request for Proposals to identify eligible purchasers, which is an attachment to this proposal.

The restructuring of Amity I and Amity II proposed by the Agency calls for the demolition of all

Background

Starting in January, 1997, the New Jersey Housing and Mortgage Finance Agency ("NJHMFA" or the "Agency") began the process of developing and implementing a re-development plan for two projects called Amity Village I and Amity Village II which are located in the City of Newark. Amity Village I and II were originally developed by the Tri-City People's Corporation, a community based organization that continues to operate as a social services provider in this community. The properties that comprise Amity Village I and II are currently owned by the Statewide Acquisition and Redevelopment Corporation ("STAR Corporation" or "STAR"), which is a wholly owned subsidiary of the Agency. This re-development plan has received the input and support of local community members, as well as elected officials and clergy from the City of Newark.

Starting in August 1997, STAR began to relocate approximately 120 families from certain units within Amity Village I and II. The relocation is substantially complete and demolition of the existing structures has begun (it will be complete by May 1998). The Agency and STAR are now seeking a qualified developer to construct new single family and duplex homes in this neighborhood. All units must be sold to owner-occupants.

The West Side Community Work Group, an ad hoc group of representatives from the Amity Village neighborhood, has collaborated with the Agency and STAR in the relocation and re-development plans, as well as the finalization of this Request for Proposals ("RFP"). A list of the members of this group is located at Schedule A of this RFP. No member of the West Side Community Work Group may be the Applicant, or be a related party with any Applicant for this RFP nor may any member of the West Side Community Work Group hold an equity position in this project. The sole exception to this rule is the role that Tri-City People's Corporation will play in this re-development, which will be described fully below.

Summary of Request for Proposals

The Agency and STAR are issuing this Request for Proposals ("RFP") for the development of newly constructed single family and duplex homes on up to 58 parcels of land located on blocks 354, 355, and 366 in the South and Central Wards of the City of Newark. The properties are currently owned by STAR Corporation. All properties proposed to be developed shall be transferred to the successful Applicant at the time of construction loan closing for a price to be negotiated. Through this RFP the Agency makes up to \$3,125,000 in subsidy funds available to the successful Applicant for use in developing the Amity Homes project.

This RFP requires the applicant to set forth a complete re-development plan for the targeted neighborhood, including information about total land area to be developed, the exact mix of single family and duplex units, and the ranges of affordability of those units.

The units proposed to be developed must be fee simple for owner-occupancy and must be affordable to a mix of low-income, and/or moderate-income, and/or market rate (median or higher income) purchasers. The exact affordability mix will be proposed by the Applicant, however, priority points will be given to Applicants who propose to develop some units affordable for purchase by low income home buyers. Some of the units must be developed as Two-fers (a duplex wherein one unit is occupied by the duplex owner and one unit is rented).

The Applicant must demonstrate that the development team has significant housing development experience, and has the capacity to deliver the proposed project within a reasonable budget and reasonable time frame. Further, the Applicant must set forth a substantive and credible plan for marketing the units to be developed.

The Applicant is required to enter into an agreement with Tri-City People's Corporation and to pay Tri-City to provide certain outreach and counselling services to potential purchasers of the new units. The exact services to be provided and payment must be set forth in the Applicant's proposal.

The **deadline for submission of RFPs is May 11, 1998 at 4:00 PM.** The Agency will announce the successful applicant no later than May 25, 1998. **The Agency, in its sole discretion, reserves the right to accept or reject any or all proposals submitted in response to this RFP and to rescind the RFP and declare the RFP process null and void.**

Financing and Grant Funds Available

Subsidy

Subsidy funds will be available from the Agency as a capital write-down on the construction cost. The maximum subsidy pool available will be the lesser of \$3,125,000, or the actual funding gap indicated in the project's underwriting pro-forma.

Construction Financing (Optional)

The Agency will provide construction financing on the lesser of 100% of the project construction cost for a non-profit Applicant (90% for a for-profit Applicant) or the appraised value providing there is verifiable sufficient cash flow to cover debt service. The interest rate will be at one percent below bank prime loan rate. If not utilizing the Agency's financing, the Applicant must have a letter of intent from a construction lender with proposed terms.

Permanent End Loan Financing (Optional)

Eligible Buyers may apply for mortgage loans through the Agency. Applicants may request to participate in the Agency's 100% Financing Program. This program does not require a downpayment, and certain closing costs may be financed provided the sales price does not exceed 100% of the appraised value of the property. Borrowers are required under the 100% Financing Program to have sufficient liquid assets to pay escrows at the time of application (approximately \$800.00). The Agency expects to offer mortgage loans at a below market interest rate (anticipated to be 5%) for 30 years with zero points.

of the wood frame structures, relocation of the residents of those structures, and re-development of single family housing on those lots using Agency financing and grant funds; preservation of all of the multi-family brick structures, and rehabilitation of those properties, and; financial restructuring including revisions to the existing mortgages, and the transfer of all RAP subsidies to the units proposed for rehabilitation.

II. Amities I and II Current Physical Profile

The units that comprise Amity Village I and II are spread over a fifteen block area and include forty-nine 3, 4, 5, and 6 unit wood frame structures, and one 12 unit wood frame structure. Additionally there are nine brick structures, including one 35 unit, one 28 unit and one 11 unit structure, as well as three 6 unit brick structures and three 7 unit brick structures. The Agency proposes to demolish all of the 3, 4, 5, and 6 unit wood frame structures and the one 12 unit wood structure that are currently a part of Amity Village I and II, and to rehabilitate all of the six and seven unit brick structures as well as the 11, 28 and 35 unit structures.

Amity Village Neighborhood**Working Group Description****Chairman:**

James Wallace, Chairman, Central Ward Democratic Committee

Members:

Ruth Evans, Vice-Chair, Central Ward Democratic Committee
Jeffrey Gagum, Central Ward District Leader
Floyd Melvin, Executive Director, United Community Corporation
Judith Diggs, Former Resident of Amity Village, Central Ward District Leader
Dwayne Warren, Esq.
Susie McGhee, President, NAACP Essex County Chapter
Joseph Thomasberger, Executive Director, Tri-City People's Corporation
Reverend Cornelius Martin, Pastor, Unity Freedom Baptist Church
Reverend William Irving, Pastor, Tabernacle Baptist Church
Glenn Grant, Business Administrator, City of Newark
Kenneth Watkins, Office of Newark City Councilman George Branch
Reverend Joseph Deloch, Upshaw Temple Church of God in Christ
Cynthia Jimerson, Teacher, South 20th Street School, Newark, N.J.